

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 16, 1999 at 8:03 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Arnie Mohl (R)
Sen. Ken Miller (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. William Crismore (R)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Pam Joehler, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 375, SB 175, 3/15/1999
Executive Action:

HEARING ON SB 375

Sponsor: SEN. JOHN BOHLINGER, SD 7, BILLINGS

Proponents: Matthew Quinn, Carroll College
Rocky Mountain College
College of Great Falls
Jake Ankeny, Montana State University students
Arlene Hannawalt, Montana Guaranteed Student Loan
Program (MGSLP)
Ben Darrow, University of Montana students
Montana Tech students
Western Montana College student

Opponents: None

Opening Statement by Sponsor:

SEN. JOHN BOHLINGER read **EXHIBIT(fcs59a01)**, and commented the fiscal note is not correct because all the students were counted as eligible to receive the tax deduction and that is not the case. SEN. BOHLINGER noted the House had amended the bill so there was only one deduction allowed for students attending private schools.

Proponents' Testimony:

Matthew Quinn, Carroll College, rose in support of this bill and advised the committee he felt this bill would encourage Montanans to stay in state and attend school. Dr. Quinn explained there is data indicating the higher the education level of the citizens, the higher the standard of living and felt the bill was constitutional, an investment in the future, and was not a duplicate the **Family Education Savings Act**.

Jake Ankeny, lobbyist, supported the bill because the relief it offered to students and the families of students attending universities in Montana. Mr. Ankeny felt this bill was a step in the right direction.

Alene Hannawalt, MGSLP, felt the fiscal note did not take into consideration that 50% of all the students in the university system receive financial aid and had no tax liability. Ms. Hannawalt advised up to 80% of the current enroled students do not have enough income to pay taxes and would not be a factor in the fiscal note.

Ben Darrow, lobbyist, advised the committee students draw from several areas to pay for their education and this bill balances the burden of payment between the individual and a society that is improved by education.

Questions from Committee Members and Responses:

{Tape : 1; Side : A; Approx. Time Counter : 8:18}

SEN. KEATING asked what percentage of the tuition paid goes to the total cost of education, **Mr. Ankeny** advised the state is picking up about 70% of the cost for an instate student. **SEN. KEATING** wanted to know how many students continue their education after high school, **Mr. Ankeny** was unsure.

SEN. JERGESON figured the benefit would be about \$35.00 for the average income, the high end of the margin of income would be \$55.00, and the person on the low end of the median income would not benefit from this bill, **SEN. BOHLINGER** agreed. **SEN. JERGESON** asked if the Family Education Savings deduction was only available if a family itemized deductions, **SEN. BOHLINGER** advised that was correct.

SEN. JERGESON asked if the Legislature had to make the choice between this program and **MTAP** which the students would chose, **Mr. Ankeny** stated **MTAP** as the benefits were greater but both were a step in the right direction.

SEN. KEATING asked **Dr. Quinn** how many Montana high school students continued their education, **Dr. Quinn** advised approximately 50%.

SEN. LYNCH did not believe 70% of the university system expenses were covered by the state, and asked for clarification. **Mr. Darrow** advised for instate students the percentage was between 29% to 37%, depending on the school and for all students 51% is covered by tuition.

Closing by Sponsor:

SEN. BOHLINGER urged the committee to support the bill as it would allow parents of children in private schools a chance to receive a tax break for education.

SEN. KEATING noted he appreciated the knowledge of **Mr. Darrow** and **Mr. Ankeny** in regards to the costs of education to the state.

{Tape : 1; Side : A; Approx. Time Counter : 8:31}

HEARING ON SB 175

Sponsor: SEN. DOROTHY ECK, SD 15, BOZEMAN

Proponents: David Depew, MT. Public Employee Association (MPEA)
Glen Leavitt, Director of Benefits for the
University System
Rebecca Moog, MT. Womens Lobby
Kelly Hubbard, MT. Senior Citizens Association

Opponents: None

Opening Statement by Sponsor:

SEN. ECK advised this bill went along with the CHIP, the problem is that the Federal Government required state and university employees be excluded from CHIP. SEN. ECK advised the state does have insurance for the employees but she felt there were people in the system that could not afford the insurance. This bill provides a tax credit for low income employees who pay for insurance. SEN. ECK felt this was a matter of pride and children covered with insurance are healthier, and she felt this would make it more likely children were insured. SEN. ECK felt the Federal Government was wrong when they assumed the state had no working poor in its system.

Proponents' Testimony:

Dave Depew, MPEA, rose in support of the bill and noted there were several employees who could benefit from this tax offset, as there were several low wage employees in the system. Mr. Depew felt the fiscal note was incorrect.

Glen Leavitt, Benefits Director, advised the premiums in the university system are higher than the state and wages are lower than the state, therefore there were several people in the university system who could use this relief.

Rebecca Moog, MT. Womens Lobby, advised the committee she was a working poor parent and felt all children should have access to health care. {Tape : 1; Side : A; Approx. Time Counter : 8:40}

Kelly Hubbard, Mt. Senior Citizens Association, advised the senior citizens support this bill and care about CHIP because the children being covered are grandchildren and the future leaders of the state.

Questions from Committee Members and Responses:

SEN. MOHL asked what the average wage being effected was and why cities, towns, and county employees were not being covered, **Mr. Leavitt** advised he was unsure of the income margin but thought the cities, towns and counties were not excluded from **CHIP**.

SEN. TAYLOR wanted to know what 150% of the poverty level was, **Mr. Leavitt** advised it depended on the number of dependents but ranged from \$16,000.00 to \$24,000.00.

SEN. BECK assumed some single mothers were not opting for insurance coverage because they could not afford it and asked if **Mr. Depew** knew how many were without insurance, **Mr. Depew** advised he was unsure, but felt for that specific economic area it was significant.

SEN. BECK wanted to know if the insurance charge was for each dependant or family coverage, **Mr. Depew** advised the coverage was family coverage.

SEN. KEATING asked if this group of people would be eligible for the **CHIP** coverage, **Ms. Moog** advised they are not eligible because the Federal Government disallowed State employees to take advantage of **CHIP** coverage, even if their income met the guidelines.

Closing by Sponsor:

SEN. ECK advised the committee this bill covers only the children that would be eligible under **CHIP** coverage, and 87 people had dropped their insurance coverage the last time there was a rate increase by the state. **SEN. ECK** advised dual incomes homes had to count both incomes when qualifying for the program. **SEN. ECK** advised no university faculty would be covered.

SEN. KEATING wondered if only state income was counted or if all income was counted as he thought some Legislators might qualify.

SEN. LYNCH advised the figure for the state supported percentage of college costs were 48% to 52%, not 70%.

ADJOURNMENT

Adjournment: 8:55 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs59aad)